GOVERNMENT OF INDIA
DEFENCE
LOK SABHA

UNSTARRED QUESTION NO:2339
ANSWERED ON:15.12.2008
PRIVATE SECTOR IN DEFENCE PRODUCTION
Chaliha Shri Kirip

Will the Minister of DEFENCE be pleased to state:

(a) whether the Government proposes to involve private sector in the manufacture of sophisticated weapon systems and armaments.

(b) if so, the weapon systems and armaments likely to be manufactured by the private companies;

(c) the sources of funds for the private companies in this regard;and

(d) the names of the big enterprises assigned to manufacture Weapon Systems and armaments and the status to be accorded to them?

Answer

MINISTER OF DEFENCE(SHRI A.K. ANTONY)

(a) & (b): In May 2001,the Defence Industry sector, which was hitherto reserved for the public sector,was opened upto 100% for private sector participation with FDI upto 26%,both subject to licensing.Department of Industrial Policy and Promotion (DIPP) in consultation with Ministry of Defence have so far issued 118 Letters of Intent (LOIs)/Industrial Licences (ILs) for manufacture of various types of Defence equipment which include Armoured & Combat Vehicles, Radars, Electronic Warfare Equipment, Warships, Submarines, Avionics, Military Aircrafts, Safety & Ballistic products, armaments & ammunitions etc.

(c) The Sources of funds for the private companies are their own resources while in case of Foreign Investment,the companies can have foreign investments subject to a limit of 26% in defence sector.

(d) A list of the companies who can undertake manufacture of the defence items,as indicated in their Industrial Licences (ILs),is enclosed.There is no status accorded to the big private sector companies licensed for defence production.